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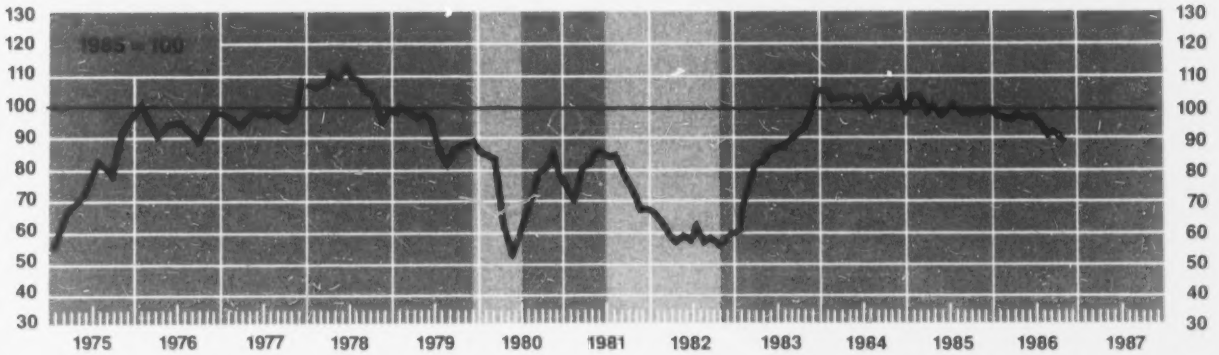
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

November, 1986



CONSUMER CONFIDENCE DOWN PLANS TO BUY WEAKER

The index of consumer confidence (1985 = 100) dropped four and a half points in October to a current reading of 88.3. Plans to buy cars, homes and major applicances are weaker than they were a month ago.

The most recent confidence reading is lower than it has been in more than three years—specifically since July 1983, when the economy was recovering from the recession of the previous year. In the latest survey, more respondents than last time complained that jobs were hard to get. In looking ahead to the next six months, there was also increasing concern about the employment outlook, and a rise in the number of people who now expect the economy to weaken in the months ahead. Some twelve percent expressed that concern, up from 10% in the previous month. Also, in the latest probe, fewer people than previously believe that their family income will increase in the period ahead.

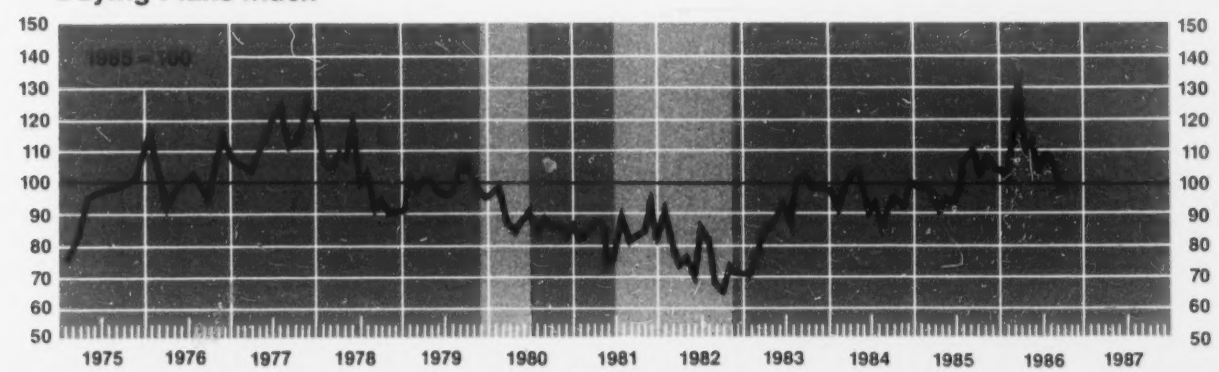
Buying plans are down for all of the major categories included in the survey. In October, only 7.5% of all respondents indicated that they would purchase a car in the next six months, down from 8.8% in the prior month and by about the same amount from this time last year. Home buying plans slipped to 3.8% from 4.4%, and plans to buy major applicances to 27.6% from 28.0 percent.

Although the measure of consumer confidence is still reasonably high, it has lost a good deal of ground since June. Perhaps most disconcerting is the drop in the level of consumer expectations. This component of the survey, which has an impressive predictive record, is now at its lowest level since January, 1983. Although the present index reading of 89 is still quite a way from signaling recession, this measure has fallen substantially from its most recent peak of 124 in December, 1983.

In short, the latest message from the consumer remains about the same as it has been for more than a year now. There is scant likelihood of any significant quickening in the pace of the economy in the immediate months to come. We can expect about the same performance experienced over roughly the past two years. At this moment, it appears that Christmas 1986 is not likely to be much different from Christmas 1985.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1985 Oct.	1985 Nov.	1985 Dec.	1986 Jan.	1986 Feb.	1986 Mar.	1986 Apr.	1986 May	1986 June	1986 July	1986 Aug.	1986 Sept.(r)	1986 Oct.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	99.3	98.7	99.8	97.8	96.9	96.9	99.0	97.2	97.2	95.5	90.6	92.8	88.3
Present Situation	100.6	99.7	101.3	100.4	97.8	95.0	100.7	100.2	97.6	96.0	87.6	92.2	87.3
Expectations	98.4	98.1	98.8	96.0	96.3	98.1	97.8	95.2	97.0	95.2	92.6	93.1	88.9
Buying Plans Index	110.3	101.2	108.8	105.6	103.9	101.9	135.3	108.9	114.4	103.7	109.7	105.8	97.2
Appraisal of Present Situation: Percent													
Business Conditions													
Good	28.2	27.4	28.7	27.3	26.4	26.5	29.5	28.4	28.4	25.7	22.7	25.1	25.0
Bad	21.4	21.3	21.0	21.8	21.8	22.9	23.1	22.6	23.4	23.8	25.7	27.1	26.6
Normal	50.4	51.3	50.3	50.9	51.8	50.6	47.4	49.0	48.2	50.5	51.6	47.8	48.4
Employment													
Jobs plentiful	19.8	19.5	19.7	19.6	18.8	19.6	20.4	20.6	19.8	20.7	19.1	20.7	19.0
Jobs not so plentiful	49.3	49.6	49.6	50.7	50.8	46.8	48.4	47.9	48.0	46.5	46.5	46.0	44.8
Jobs hard to get	30.9	30.9	30.7	29.7	30.4	33.6	31.2	31.5	32.2	32.8	34.4	33.3	36.2
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	22.0	19.9	19.7	18.1	18.4	20.6	22.8	20.0	20.9	19.9	19.9	20.2	18.7
Worse	10.8	9.1	8.5	8.7	8.4	9.1	11.3	10.0	9.4	10.4	10.5	10.0	12.2
Same	67.2	71.0	71.8	73.2	73.2	70.3	65.9	70.0	69.7	69.7	69.6	69.8	69.1
Employment													
More jobs	16.7	15.2	15.5	13.6	14.2	15.8	17.2	15.4	16.9	16.1	15.9	16.5	14.2
Fewer jobs	16.7	17.3	16.1	16.8	16.8	17.7	19.5	18.7	18.8	18.8	19.8	19.4	19.0
Same	66.6	67.5	68.4	69.6	69.0	66.5	63.3	65.3	64.3	65.1	64.3	64.1	66.8
Income													
Increase	27.4	29.8	26.7	28.2	26.6	25.8	30.7	27.3	26.9	26.8	25.8	24.3	23.3
Decrease	8.3	7.9	8.4	7.7	8.2	7.4	7.5	8.2	8.8	8.1	9.4	10.0	8.7
Same	64.3	62.3	64.9	64.1	65.2	66.8	61.8	64.5	64.3	65.1	64.8	65.7	68.0
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.9	9.1	10.2	9.0	8.8	8.9	11.4	9.6	9.6	8.9	8.7	8.8	7.5
New	5.1	5.3	5.4	5.1	4.4	4.7	5.9	5.8	5.3	4.9	5.1	5.2	4.2
Used	2.9	2.8	3.3	2.9	2.8	3.0	3.9	2.7	3.9	3.2	2.9	2.4	2.2
Uncertain	0.9	1.0	1.5	1.0	1.6	1.2	1.6	1.1	0.4	0.8	0.7	1.2	1.1
Home													
Yes	3.6	3.8	3.9	3.7	4.2	4.1	5.0	4.8	4.7	4.4	4.0	4.4	3.8
New	1.1	0.8	0.9	1.3	1.0	1.3	1.4	1.2	1.3	1.0	1.4	1.2	1.1
Lived in	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.1	2.1	2.3	1.9	2.3	1.5
Uncertain	0.8	1.1	0.9	0.4	1.2	0.7	1.4	1.5	1.3	1.1	0.7	0.9	1.2
Major appliances													
Total plans	35.9	28.5	29.8	34.5	30.2	27.8	43.4	28.6	28.2	27.6	33.1	28.0	27.6
Refrigerator	5.1	3.9	4.4	5.8	4.3	3.9	6.5	3.9	4.2	4.4	5.3	4.0	5.3
Washing machine	6.2	3.7	3.8	4.9	4.3	4.1	7.2	4.1	3.8	4.3	4.9	4.0	4.1
TV Set	10.7	8.8	9.2	9.8	9.2	8.3	13.5	7.6	7.1	7.3	7.7	7.1	6.3
Vacuum Cleaner	5.1	5.1	4.9	5.7	4.4	4.9	5.7	5.4	4.8	3.8	5.5	4.7	4.2
Range	3.2	2.7	3.0	3.0	2.5	2.0	3.8	2.8	2.9	2.7	3.3	3.1	3.0
Clothes dryer	4.1	2.9	3.1	3.8	3.4	3.5	5.0	3.4	3.4	3.5	3.6	3.5	3.1
Air conditioner	1.5	1.4	1.4	1.5	2.1	1.1	1.7	1.4	2.0	1.6	2.8	1.6	1.6
Carpet	8.7	6.7	6.6	7.3	6.9	7.0	9.1	6.6	8.0	6.5	7.5	7.0	7.6
Vacation Intended Within Six Months: Percent													
Vacation Intended	49.2		44.7		47.0		51.2		51.6		50.3		48.3
Destination													
Home state	8.8		8.0		9.2		10.9		11.7		11.1		9.1
Other state	35.4		32.2		31.9		35.5		36.1		35.4		34.2
Foreign country	6.0		5.9		7.4		7.1		5.4		6.0		6.2
Means of travel													
Automobile	29.8		26.1		28.2		31.4		33.8		31.4		28.5
Airplane	18.3		18.3		18.1		20.4		18.1		19.4		17.9
Other	3.8		4.5		5.0		4.6		3.9		3.8		4.2

(p)—preliminary (r)—revised

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